**Establishment of separate Audit Commission**

513. SHRI GURUDAS DAS GUPTA: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to establish a separate Audit Commission on the line of Comptroller and Auditor General for auditing the nationalised banks; if so, what are the deails in this regard; and

(b) if not, what are the reasons therefor?

THE DEPUTY MINISTER IN THE, MINISTRY OF FINANCE (SHRI ANIL SHASTRI): (a) and (b) In accordance with the provisions of the statutes governing the public sector banks including nationalised banks and public financial institutions, their accounts are audited by the auditors who are qualified to act as auditors of a company under the companies Act, 1956. These auditors are appointed by the public sector banks/ financial institutions with the approval/consultation of the Government. The panels for appointment of these auditors are prepared on the recommendations of a Standing Advisory Committee sat up in the Reserve Bank of India (RBI). Representatives of the Gove-rnment and Comptroller and Auditor General of India (C&AG) are also members of this Committee. The desirability of bringing the public sector banks including nationalised banks and the public financial institutions within the purview of Comptroller and Auditor General of India is being examined in consultation with Reserve Bank of India.

**Treating Medical expenses as per-quisites for income tax purposes**

514. PROF. SOURENDRA BHATTACHARJEE : Will the Minister of FINANCE be pleased to state:

(a) whether Circular No. 445 of 31st December, 1985 issued by the Central Board of Direct Taxes stipulates that reimbursement of medical expenses will be treated as perquisites and will be subject to income tax unless medical treatment is done in recognised public hospitals;

(b) if so, whether in taking this decision the fact of limited number of recognised public hospitals and their accessibility to employees of Public Sector Undertakings was kept in view ; and

(c) whether any steps are con templated to mitigate their hardships, if so what are the details thereof?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE(Shri ANIL SHASTRI) : (a) to (c) Board Circular No. 445 dated 31st December 1985 lays down that the reimbursement by the employer on medical expenses, such as, operation fees, hospitalisation charges and cost of medicines, tests etc. actually incurred in India by the employee or medical treatment - in a "recognised public hospital" will not be treated as perquisites for the purpose on charging income tax, "Recognised Public Hospitals for this purpose means those hospitals which are recognised under Central Government Health Scheme and Central Services (Medical Attendance) Rules for the purpose of medical treatment/ reimbursement under the said Rules.

Where a public sector undertaking or any other employer considers that any particular hospital should be recognised for this purpose, it can make an application in this regard to the Ministry of Health and Family Welfare and, if the said hospital is included in the list of